

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF KEN)	
IMPROVEMENT, INC., FOR AN)	
ADJUSTMENT OF RATES PURSUANT TO)	CASE NO. 9144
THE ALTERNATIVE PROCEDURE FOR)	
SMALL UTILITIES)	

O R D E R

On June 6, 1985, the Commission issued an Order in this proceeding wherein it granted Ken Improvement, Inc., ("Ken Improvement") a rate increase in the amount of \$13,446. On June 26, 1985, Ken Improvement filed a petition for rehearing on one issue discussed in the Commission's Order.

The issue raised by Ken Improvement involves recovery of the cost associated with upgrading the original 30,000 gallons-per-day plant and the cost of additional capacity required to serve the existing customers.

On July 8, 1985, the Intervenor, South Shelby Civic Association, filed a response to the petition for rehearing of Ken Improvement, asserting that the petition for rehearing should be denied since Ken Improvement had more than ample opportunity to present any evidence on the issue raised and failed to do so. Ken Improvement has failed to supply detailed information on the cost of upgrading the original plant and the cost to add only the capacity required to serve the existing customers. Ken Improvement has been afforded ample opportunity to submit such

information. For example, In Item No. 1 of the Commission's information request of March 14, 1985, Ken Improvement was asked to provide a breakdown of the portion of plant additions that should be allocated to increasing plant capacity in order to serve future additional customers, and details of the equipment installed for the purpose of upgrading the existing facilities and the installed cost of those facilities. In response, Ken Improvement said only that the total cost of the added 60,000 gallons capacity to bring the facility to a total of 90,000 gallons capacity was \$111,997. Thus, Ken Improvement did not adequately respond to the Commission's request.

According to KRS 278.430, the burden of proof lies with Ken Improvement to show by clear and satisfactory evidence that the Commission's Order of June 6, 1985, in this case is unreasonable or unlawful. In order to prove its position, Ken Improvement should supply detailed information so that the additional cost required to serve the existing customers may be determined. The Commission will allow rehearing on this issue, but expects Ken Improvement to present its case with the knowledge that, to this date, its evidence on this issue has been unacceptable.

Ken Improvement should be given 30 days in which to file testimony and present other proof on the issue in this petition. Failure to file this information may result in cancellation of the hearing and the affirmation of the Commission's Order of June 6, 1985.

SUMMARY

Based on the issue presented in the petition for rehearing and the evidence of record and being advised, the Commission is of the opinion and finds that a rehearing should be granted for the purpose of reconsideration of the issue raised by Ken Improvement in its petition.

IT IS THEREFORE ORDERED that Ken Improvement is granted rehearing on the issue raised by its petition and that Ken Improvement shall file testimony and additional proof on the issue within 30 days from the date of this Order.

IT IS FURTHER ORDERED that this case be and it hereby is scheduled for rehearing on the 27th day of August, 1985, at 9:00 a.m., Eastern Daylight Time, in the Commission's offices, Frankfort, Kentucky.

IT IS FURTHER ORDERED that Ken Improvement shall give notice of the hearing in accordance with the provisions of 807 KAR 5:011, Section 8.

Done at Frankfort, Kentucky, this 16th day of July, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Demaree
Chairman

Ralph L. H. H.
Vice Chairman

Sam H. H.
Commissioner

ATTEST:

Secretary